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Mexico

Honey

Mexican Honey Production & Exports Facing Optimistic Forecast 2001

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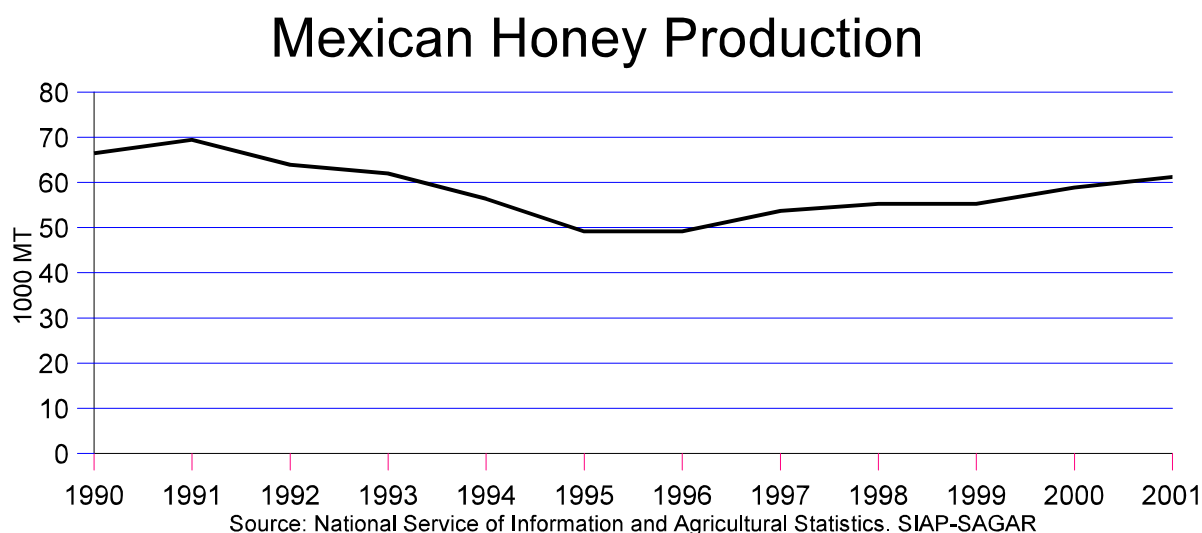
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Report Highlights:

Mexico's honey production for 2001 is projected to increase to 61,000 MT, due to normal weather conditions, a modernized infrastructure and implementation of government subsidy programs. Exports are forecast to increase 6.6 percent from last year's figures, despite strong domestic demand.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Unscheduled Report
Mexico [MX1], MX

Honey Situation and Outlook: The forecast for Mexico's 2001 honey production is expected to increase to 61,210 MT, 3.86 percent above the previous year's revised production estimate. The main reasons for this increase are the implementation of government subsidy programs, intensive pollination practices, and the development of a modern beehive infrastructure. Currently, the proportion of beehives is estimated at 99 percent modern and 1 percent rustic. Also, good weather and ample floral sources in productive areas will contribute to this increase. Reportedly, better programs to control African bees and improvements in combating outbreaks of Varroa Jacobsini have been adopted by honey producers. Varroa Jacobsini is a disease which weakens bees and reduces their capacity to produce honey. Together, these factors are expected to contribute to reach production figures similar to those obtained in the early 1990s.



The production estimate for MY 2000 has been revised upward to 58,935 MT, reflecting more accurate industry and official data. On the other hand, production in MY1999 was lower than expected, due to the prevalence of African bees and Varroa Jacobsini outbreaks in the remaining rustic beehives. Consequently, the production estimate for 1999/2000 was revised downward. Mexico's principal honey-producing states are Yucatan, Jalisco, Campeche, Veracruz, Michoacan, Oaxaca, Guerrero, Puebla, Quintana Roo y Chiapas, whose combined production in MY 2000 accounted for 82 percent of the national total. (See Table 1)

An increased concern about food safety spurred demand for Mexican organic honey production in the 1990s. Since MY1996, the domestic production of organic honey increased significantly from the 50 MT initially produced. Currently, foreign demand for organic honey has led to the expansion of beehives devoted to organic production; by the end of MY 2001, production levels are expected to surpass even MY 1999's record output.

For MY 2000, bee colony numbers increased to 1.9 million and for MY 2001 are expected to reach 2.0 million, due to modernization of beehives. In MY 1999, bee colony numbers decreased to 1.8 million, as the lack of applied technology and proper handling in rustic beehives made them vulnerable to adverse factors like Africanization, Varroa Jacobsini outbreaks, and harsh

weather occurrences. Currently, beekeepers are pursuing joint ventures with horticultural and citrus growers who require pollination services in order to increase crop yields. Both types of producers are mutually benefitting from these arrangements since honey, vegetables and citrus are export commodities which garner attractive international prices. This previously unnoticed and unprofitable activity, has expanded, with the total number of participating beehives in the country having reached 187,240. Thus far, pollination services are considered a lucrative parallel activity to apiculture in certain productive regions. The average cost to lease a beehive is generally between \$300 and \$350 pesos (roughly \$US 34.00) per hive.

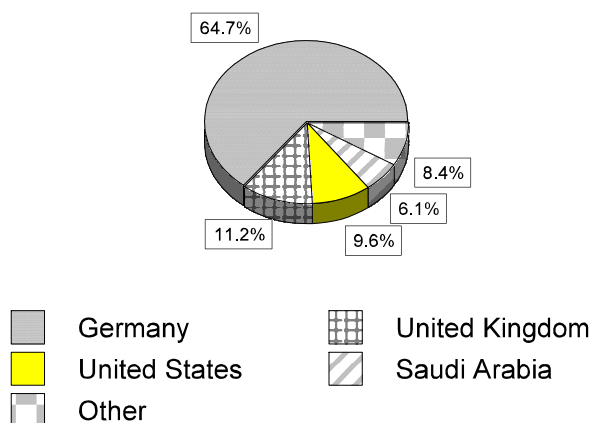
The MY 2001 yields are expected to be 30.6 kilograms per hive, which is consistent with last year's 30.7 kilograms and is due to good weather and improved pest control management. Also, the conversion of former rustic beehives into modern ones has contributed to increased yields, despite the presence of Africanized honeybees.

In MY 2000, approximately 45 percent of Mexico's honey production was exported, generating income of over US\$30 million. For MY 2001, honey exports are forecast to increase, due to higher domestic supplies and strong foreign demand. This export forecast anticipates the recovery of domestic production levels and the enforcement of a preferential tariff rate for Mexican honey products under Mexico's Free Trade Agreement with the European Union. Export prices for Mexican honey currently average U.S. \$1,120.00 MT.

Reportedly, because of this year's higher production levels, the Mexican honey industry is targeting foreign markets, especially the European Union, where it is exploring the potential benefits of Mexico's Free Trade Agreement with the European Union. Using funds from SAGARPA's program "Alliance for the Countryside", traditional producers have implemented cutting edge technology, modernized equipment and infrastructure, as well as improved genetics. Based on more accurate official data, the MY 2000 export estimate has been revised upward.

Mexican Honey Exports

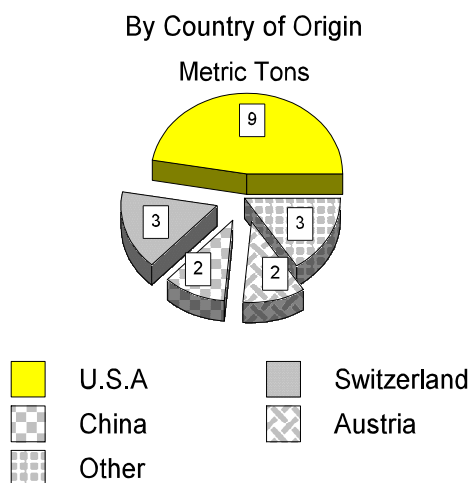
By Country of Destination - MY 2000



According to official data from the Secretariat of Economy, Mexico's MY 2000 imports decreased in 47.2 percent to 19 MT, which is more consistent with the 1990s average of 13 MT. This decrease was caused by increased domestic production, which was able to fulfill almost all domestic demand except that of higher-end resort restaurants relying primarily on specially packed, imported honey. However, imports in MY 1999 imports were significantly higher at 36 MT, reflecting lower domestic production, due to the facts mentioned previously.

In MY 2000, the United States accounted for 50.4 percent of the Mexican imports. Most of these imports were specially packed products for use in gourmet restaurants located in resort areas; these products do not have a significant presence in local supermarkets market, due to their high cost. Switzerland, the United States's closest competitor, accounted for 17.4 percent of imports, displacing China as Mexico's second largest honey supplier.

Mexican Honey Imports



Domestic consumption is forecast to increase slightly in MY 2001, due to modernization of current marketing channels, which is expected to improve honey's image as a product consumers want to purchase, thereby increasing demand. While Mexican household consumption accounts for 52 percent of the total domestic consumption, use in the food, cosmetic and tobacco industries accounts for 48 percent, according to a SAGARPA market survey. The MY 2000 consumption estimate has been revised downward, due to more recent information which reflects increased exports. In MY 2000, per capita consumption was approximately 380 grams, for MY 2001 is expected to be nearly 400 grams, which is twice the world average.

The tariff rate scheme applied to Mexican imports of honey products is unchanged, maintaining the same level for the last two years. Imports from the United States, Canada, Costa Rica, Chile and Nicaragua are applied a zero percent tariff rate; those from Colombia and Venezuela a 7.2 percent tariff rate; while imports from other countries must pay a 20 percent tariff.

Mexico is currently not a large market for imported honey due to consumption patterns and the availability of domestic supply. However, U.S. honey is well-positioned to enter specialized market niches, such as bottled honey for use in top-end restaurants in tourist resorts and areas.

PS&D

PSD Table						
Country	Mexico					
Commodity	Honey			(1000 COLONIES)(MT)		
	Revise d1999		Preliminary 2000		Forecast 2001	
	Old	New	Old	New	Old	New
Market Year Begin	01/1999		01/2000		01/2001	
Commercial Colonies	2000	1800	1800	1945	0	2000
NonCommercial Colonies	0	0	0	0	0	0
TOTAL Colonies	2000	1800	1800	1945	0	2000
Beginning Stocks	0	0	0	0	0	0
Production	57500	55323	56844	58935	0	61200
Imports	0	36	36	19	0	10
TOTAL SUPPLY	57500	55359	56880	58954	0	61210
Exports	29000	19838	22000	26262	0	28000
Domestic Consumption	28500	35521	34880	32692	0	33210
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	57500	55359	56880	58954	0	61210

Table 1
Mexican Honey Production by State 1993 to 2000
(Metric Tons)

State	1993	1994	1995	1996	1997	1998	1999	2000
Aguascalientes	208	257	177	194	159	249	26	159
Baja California	0	0	0	200	198	132	234	245
Baja California Sur	145	197	212	250	201	187	175	237
Campeche	5,454	4,050	3,706	3,213	2,950	4,799	4,397	7,593
Coahuila	145	150	164	65	163	68	76	239
Colima	1,065	1,070	1,075	1,065	559	509	473	481
Chiapas	3,000	3,000	3,050	3,146	2,674	2,893	3,112	2,520
Chihuahua	774	449	218	364	638	320	480	500
Mexico City	114	100	70	197	113	185	100	100
Durango	449	390	302	505	464	221	361	421
Guanajuato	962	1,040	1,050	1,097	861	1,147	500	247
Guerrero	4,436	3,945	3,933	918	3,868	4,497	5,899	4,356
Hidalgo	1,605	1,729	1,312	1,290	1,223	1,093	972	818
Jalisco	7,718	7,304	4,344	5,212	6,065	6,091	5,004	5,916
Mexico	851	834	794	793	801	814	829	768
Michoacan	1,887	1,816	1,708	1,786	1,976	1,591	1,812	1,903
Morelos	600	687	475	181	541	900	885	141
Nayarit	639	571	463	515	563	509	655	542
Nuevo Leon	525	491	500	502	430	420	420	430
Oaxaca	2,479	2,494	2,011	2,598	1,837	1,776	2,039	2,128
Puebla	2,333	2,354	2,001	2,269	2,939	3,207	2,200	3,103
Queretaro	374	390	185	141	98	115	117	90
Quintana Roo	2,910	2,550	2,700	2,640	3,888	2,941	3,164	3,627
San Luis Potosi	1,249	1,288	1,052	1,390	964	900	982	794
Sinaloa	1,920	1,538	942	682	912	1,165	1,413	1,546
Sonora	807	781	805	920	691	808	530	353
Tabasco	372	328	244	80	86	118	114	120
Tamaulipas	884	632	786	760	706	630	609	595
Tlaxcala	250	454	236	335	335	362	371	413
Veracruz	4,952	5,000	4,146	4,458	4,592	4,658	5,669	5,909
Yucatan	10,642	8,638	8,400	9,250	10,302	9,615	9,980	11,040
Zacatecas	2,224	1,905	2,167	2,164	1,884	2,377	1,725	1,601
Total	61,973	56,432	49,228	49,180	53,681	55,297	55,323	58,935

Source: National Service of Information and Agricultural Statistics. SIAP-SAGARPA

Table 2 Honey Exports (U.S. Dollars and Kgs.) -Calendar Year-				
Country	2000		2001*	
	Value	Volume	Value	Volume
Germany	19,060,640	17,009,002	10,819,920	8,858,054
U.S.A.	3,034,829	2,528,378	1,176,920	945,492
U.K.	3,029,595	2,958,606	890,798	816,960
Saudi Arabia	1,942,790	1,611,340	1,430,966	1,128,597
Spain	539,488	491,122	0	0
Belgium	391,896	273,406	185,070	353,076
Switzerland	380,331	317,758	350,049	277,291
Venezuela	363,608	275,162	172,584	149,760
Puerto Rico	257,826	192,106	51,585	42,109
Canada	211,149	166,192	45,764	36,480
Italy	197,832	125,380	109,017	57,765
Albania	136,290	82,600	0	0
Austria	77,974	63,000	25,047	15,180
Japan	71,100	40,630	79,349	20,021
Philippines	53,040	40,800	26,928	20,400
Russia	26,895	21,516	0	0
Costa Rica	26,226	20,230	0	0
Other	60,841	44,876	201,453	165,903
Total	29,862,350	26,262,104	15,565,450	12,887,088

Source: world Trade Atlas, Mexico Edition. June 2001.

* As of June 2001.

Table 3 Honey Imports (U.S. Dollars and Kgs.) -Calendar Year-				
Country	2000		2001*	
	Value	Volume	Value	Volume
U.S.A.	36,549	9,407	9,510	2,573
Switzerland	23,349	3,260	8,366	1,231
China	19,891	1,970	0	0
Austria	12,440	1,848	10,853	1,840
France	3,726	1,140	2,489	798
Brazil	3,513	420	1,774	200
New Zealand	2,858	299	0	0
Canada	950	324	0	0
Total	103,276	18,668	32,992	6,642

Source: world Trade Atlas, Mexico Edition. June 2001.

* As of June 2001.

Table 4 Honey Consumption 1992 to 2000 (1,000 Metric Tons)									
Year	1992	1993	1994	1995	1996	1997	1998	1999	2000
Consumption	27	26	26	24	22	31	30	35	33*
Production	64	62	56	49	48	54	55	55	59
Imports	0	0	0	0	0	0	0	0	0
Exports	37	36	30	26	27	23	26	20	26
Consumption per Capita (Kgs.)	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.4*

Source: National Service of Information and Agricultural and Fishery Statistics. SAGARPA-SIAP

*preliminary